



**RIKER
DANZIG
SCHERER
HYLAND
PERRETTI_{LLP}**

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**Fed. R. Evidence 408(a)
For Settlement Purposes Only**

April 2, 2009

Via E-Mail

Gordon, David L. (ENRD) [David.L.Gordon@usdoj.gov]

David L. Gordon, Esq.
Trial Attorney
Environmental and Natural Resources Division
United States Department of Justice
601 D Street, NW
Washington, DC 20004

Re: In re: G-I Holdings Inc., et al.

Dear David:

In furtherance of our ongoing settlement discussions, I enclose a memorandum which establishes that IES is the appropriate corporate successor to Old GAF's environmental liability at the Linden Sites.

In addition, I am enclosing the following information:

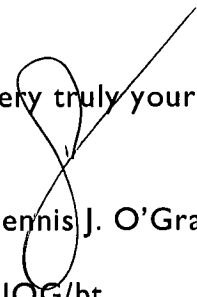
1. IES Corporate Tree;
2. Chart listing IES Insurance Receivables but, because of confidentiality agreements, the Chart does not include the identity of the insurers;
3. A narrative of the ongoing litigation involving the Linden Site.

Please note that these materials are being furnished pursuant to Fed. R. Evidence 408(a) and the Confidentiality Order previously entered in the above-captioned case.

David L. Gordon, Esq.
April 2, 2009
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Please let me know when we can finalize this aspect of the global settlement of the Government's Claims in G-I's bankruptcy case.

Very truly yours,



Dennis J. O'Grady

DJOG/bt
Enclosures

3939695.1

“Highly Confidential”

**FED. R. EVIDENCE 408(a)
FOR SETTLEMENT PURPOSES ONLY**

Corporate History Summary Regarding the Linden Sites

Introduction

This confidential summary has been prepared by G-I Holdings Inc. (“G-I”) in the context of settlement negotiations with the United States Environmental Protection Agency (“EPA”), National Oceanic and Atmospheric Administration (“NOAA”), and the United States Department of the Interior, Fish and Wildlife Service (“DOI” and collectively with EPA and NOAA, the “United States”) in an effort to resolve the claim filed by the United States in G-I’s Chapter 11 Bankruptcy Case.

This confidential summary demonstrates that the assets and liabilities related to the Linden manufacturing facility, were ultimately transferred to and assumed solely by ISP Environmental Services Inc., formerly ISP 9 Corp. (“IES”). The “Linden Sites,” as defined in the Consent Decree between G-I and the United States, include the following: (i) GAF Chemicals Site (EPA ID # NJD002185973; NJDEP Site ID (Master File) 66086; NJDEP PI # G000001667) (the “GAF Chemicals Site”); (ii) the LCP Chemicals Inc. Superfund Site (EPA ID # NJDO79303020; NJDEP Site ID (Master File) 41246; NJDEP PI # G000003747) (the “LCP Site”); (iii) and the Diamond Alkali Site (EPA ID # NJD 980528996; NJDEP Site ID (Master File) 35956; NJDEP ID # 332812 (Newark Bay Study Area); NJDEP PI # 332799 (Passaic River Study Area).

Legal Framework

The basic principle underlying the legal framework applicable here is that liabilities under the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) extend to corporate successors of liable corporations. While the general rule is that a corporation that acquires the assets of another corporation is not the corporate successor of the selling corporation, an exception exists when the acquiring corporation expressly assumes the liabilities of the selling corporation. In that case, the latter corporation becomes the corporate successor of the entity from which it acquired the assets and liabilities. See Safety-Kleen, Inc. v. Arkema, Inc., 380 B.R. 716, 740 (D. Del. 2008) (citing Third Circuit law holding that the doctrine of successor liability provides that “where one corporation sells or transfers all or a substantial part of its assets to another, the transferee does not become liable for the debts and liabilities, including torts, of the transferor,” however, the transferee “may be liable where it expressly assumes liability”) (citations omitted); and Goodman v. Challenger International, Ltd., 1995 WL 402510, at *3 (E.D.Pa.), aff’d, 106 F.3d 395 (3rd Cir. 1996) (“It is well-established that a corporation that buys the assets of another corporation is not liable for the seller corporation’s liabilities... An exception exists, however, where the purchaser expressly or impliedly assumes the seller’s liabilities.”) (citations omitted).

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Consistent with that framework, the corporate history detailed below establishes that IES acquired the liabilities related to the Linden facility, which liabilities were expressly assumed along with the assets to which they were related. In this particular instance, there are two independent bases to impose CERCLA liability for the Linden facility upon IES: (1) as the current owner of the valuable 143-acre piece of real estate that is the GAF Chemicals Site (see 42 U.S.C. §9607(a)(1)); and (2) as a corporate successor because it expressly assumed all known and unknown liabilities, including environmental liabilities, associated with the Linden facility when it acquired the assets.

Corporate History

Old GAF Corporation (“Old GAF”) owned and operated a chemical facility in Linden, New Jersey. In 1972, Old GAF sold the LCP Site in Linden to LCP. We believe that LCP continued operations at that site until it filed for bankruptcy in or about 1991. Old GAF continued to own and operate the Linden facility until it filed a Plan of Liquidation in 1989. On April 10, 1989, Old GAF liquidated by way of a Plan of Complete Liquidation of GAF Corporation (the “Plan of Liquidation”). A copy of the Plan of Liquidation is attached hereto as Exhibit “A.”

In the Plan of Liquidation, Old GAF transferred “all of its assets, subject to all of its liabilities . . . in complete cancellation of all its stock” to the following entities: Dorset Inc. (“Dorset”); Edgecliff, Inc. (“Edgecliff”); Merick Inc.; Perth Inc. and Clover Inc. (Plan of Liquidation ¶ 2.) In effect, the Plan of Liquidation transferred the assets and liabilities of the chemicals business which was operating in 1989 from Old GAF to Dorset.

The Plan of Liquidation provided that Old GAF transfer to Dorset “all the assets and liabilities, known and unknown, relating to its acetylenic chemicals, surfactants, specialty chemicals, organometalics, mineral products, industrial filters and filter vessels businesses (collectively, the “Chemicals Businesses”), including but not limited to . . . (C) all [Old GAF’s] real property interests listed in Exhibit B attached hereto.” (*Id.* ¶ 4(i).) Exhibit B to the Plan of Liquidation lists various properties, including: “Linden, New Jersey (Portion owned by GAF Corporation), Foot of S. Wood Avenue, P.O. Box 12, 07036.”

On April 10, 1989, the same date the Plan of Liquidation was executed, Old GAF and Dorset also entered into an Instrument of Assignment and Assumption (the “1989 Assumption”). A copy of the 1989 Assumption is attached hereto as Exhibit “B.” In addition to the transfer of assets in the paragraph above (see ¶ 1(i) of the 1989 Assumption), the 1989 Assumption provides that Old GAF assign the following to Dorset: “100% of the liabilities arising out of (A) the production of Amiben; (B) Project Aware environmental clean-up costs; and (C) environmental claims arising out of plants currently operating in the Chemicals Business[.]” (1989 Assumption ¶ 4(i).) The term “Project Aware” meant the environmental cleanup activities at the Linden facility. On April 11, 1989, Dorset changed its name to GAF Chemicals Corporation.

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In May 1991, as part of the reorganization of the chemicals business, GAF Chemicals Corporation sold and transferred its operating assets and related liabilities to various newly formed subsidiaries in consideration for shares of the common stock in such subsidiaries. GAF Chemicals Corporation then sold the stock of such subsidiaries to International Specialty Products Inc. ("ISP") in exchange for shares of ISP common stock and other consideration. Among these newly formed subsidiaries was ISP 9 Corp., now known as ISP Environmental Services Inc. ("IES"), which received all of GAF Chemical Corporation's assets in Linden, New Jersey. Various other wholly-owned subsidiaries likewise received specific assets from GAF Chemicals Corporation. For example, as the United States' recognized in its objection to G-I's Disclosure Statement, one of the other wholly-owned subsidiaries besides IES is ISP 6 Corp., now known as ISP Technologies Inc., which received various assets in Texas that were previously owned and operated by GAF Chemicals Corporation. At no time were GAF Chemicals Corporation's assets in Linden, New Jersey sold or otherwise transferred to any entity other than IES.

Additionally, on May 8, 1991, in connection with the reorganization of the chemicals business, IES entered into an Assumption of Liabilities and Continuing Obligations agreement with GAF Chemicals Corporation and GAF Corporation (the "1991 Assumption"), which is attached hereto as Exhibit "C." The 1991 Assumption provides that IES "assumes the proper, full and timely payment and performance of all the liabilities, contingent or otherwise, and obligations of [GAF Chemicals Corporation] described in the attached schedule[.]" (1991 Assumption at p 1.)

The Schedule attached to the 1991 Assumption states in its entirety: "All liabilities and obligations relating to the manufacture and sale of specialty chemicals at Linden, NJ, known and unknown, contingent or otherwise, including liabilities for the remediation of the Linden site and those liabilities shown on the balance sheet for ISP 9 Corp. dated as of May 8, 1991." (*Id.* at p 4.)

Further, the 1991 Assumption states that IES "shall indemnify, defend and hold harmless [GAF Chemicals Corporation, GAF Corporation] and all its other subsidiaries from and against any and all Assumed Liabilities and any and all liabilities, costs and expenses in connection with any investigations, claims, actions, suits or proceedings arising out of or resulting from the conduct of any business, ownership of any assets or incurrence of an liabilities or obligations on and after May 8, 1991 by [IES.]" (*Id.* at p 1.)

Conclusion

IES is thus the corporate successor to GAF's chemical business at Linden, New Jersey because of: (i) its ownership and continued operation of the assets at the Linden manufacturing facility; and (ii) its express assumption of the environmental liabilities of GAF and GAF Chemicals Corporation in the 1991 Assumption.

EXHIBIT A

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PLAN OF COMPLETE LIQUIDATION
OF

GAF Corporation
(a Delaware corporation)

The following plan of complete liquidation (the "Plan"), shall effect the complete liquidation of GAF Corporation, a Delaware corporation (the "Corporation"), in accordance with Section 332 of the Internal Revenue Code of 1986, as amended ("Section 332").

1. The Plan shall be effective, subject to the conditions hereinafter provided, upon its approval by the affirmative vote of the holders of all the outstanding shares of capital stock of the Corporation entitled to vote thereon. Such approval shall constitute approval of each of the actions contemplated by the Plan.

2. Within the Liquidation Period (as defined in paragraph 3 herein), the Corporation shall distribute and transfer to certain corporations listed herein, all of its assets, subject to all of its liabilities, in each case pursuant to the specific provisions of paragraphs 4 through 12 of this Plan, in complete cancellation of all its stock: Dorset Inc., a Delaware corporation ("Dorset"), GAF Building Materials Corporation, formerly known as Edgecliff Inc., a Delaware corporation ("Edgecliff"), Merick Inc., a Delaware corporation

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("Merick"); Perth Inc., a Delaware corporation ("Perth") and Clover Inc., a Delaware corporation ("Clover") shall each continue to own until the liquidation is completed all the stock of the Corporation which each owns on the date of adoption of the Plan.

3. The "Liquidation Period", as used herein, shall mean the period beginning on the date of adoption of this Plan and ending three years from the close of the taxable year in which the first distribution is made, provided that the liquidation shall be substantially completed by April 10, 1989.

4. The Corporation shall transfer to Dorset:

(1) all the assets and liabilities, known and unknown, relating to its acetylenic chemicals, surfactants, specialty chemicals, organometalics, mineral products, industrial filters and filter vessels businesses (collectively, the "Chemicals Businesses"), including but not limited to: (A) all the outstanding stock of GAF Chemicals Corp., General Aniline and Film Corp., GAF Realty Corporation, GAF International Corporation, Ludlow Inc., Bluehall Inc., Mossbank Inc., Alkaril Chemicals Ltd. (Canada), GAF (Australasia) Pty. Ltd., GAF (Belgium) N.V., GAF do Brasil Industria e Comercio Ltda, GAF (Canada) Inc., GAF (Deutschland) GmbH, GAF (France) S.A., GAF Freight Services N.V. (Belgium), GAF (Great Britain) Co. Ltd., GAF (Hong Kong) Limited, GAF Insurance Ltd. (Bermuda), GAF (Italia) S.r.l., GAF (Japan) Ltd., GAF Corporation de Mexico,

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S.A. de C.V., GAF (Norden) A.B., GAF (Osterreich) Ges.m.b.H., GAF Sales (U.K.) Limited, GAF (Singapore) Pte. Ltd., GAF (Switzerland) A.G., GAF (U.S. Virgin Islands), Inc., and all the shares of GAF-Huls Chemie GmbH held by the Corporation; (B) all right, title and interest of the Corporation in and to all the technologies used by the Corporation relating to the Chemicals Businesses, including, but not limited to the patents and trademarks listed in Exhibit A attached hereto; (C) all the Corporation's real property interests listed in Exhibit B attached hereto;

(ii) notwithstanding any other provision of this Plan, all its trademarks or tradenames that contain the name "GAF", including, but not limited to those contained in Exhibit C attached hereto (to the extent owned by the Corporation);

(iii) liabilities arising out of (A) the production of Amiben; (B) Project Aware environmental clean-up costs; and (C) environmental claims arising out of plants currently operating in the Chemicals Businesses; and

(iv) all of its assets, known or unknown, the transfer, conveyance, or assignment of which is not otherwise provided for in this Plan including, but not limited to, any land, leases, buildings, real property, plant, equipment, inventory, contract rights, receivables, trademarks, intangibles, discontinued products and other assets.

The net fair market value of the assets transferred to Dorset shall comprise, in aggregate, 87.43655% of the net fair market value of the Corporation's assets.

5. The Corporation shall transfer to Edgecliff:

(i) all the assets and liabilities, known and unknown, relating to its commercial and residential roofing materials business (excepting the mineral product business), including: (A) the assets and liabilities acquired by the Corporation as a result of and upon the merger of GAF Building Materials Corporation into the Corporation, which include, but are not limited to, all the outstanding stock of GAF Real Properties, Inc., GAFTECH Inc., and BMC Acquisition Corp. and also including contract rights, receivables, trademarks, intangibles and other assets and liabilities, known or unknown, relating to its commercial and residential roofing materials business (excepting the mineral products business); (B) all the land, leases, buildings, real property, property, plant, equipment, inventory, and other assets at the facilities and addresses listed in Exhibit D attached hereto; and (C) all right, title and interest of the Corporation in and to all the technologies used by the Corporation relating to the commercial and residential roofing materials business (excepting the mineral products business), including, but not limited to the patents and trademarks listed in Exhibit E attached hereto;

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(ii) all liabilities, costs, fees and expenses, known and unknown, arising out of all claims, lawsuits or other actions (A) seeking recovery for bodily injury, sickness, disease or death alleged to have been caused in whole or in part by any asbestos or asbestos-containing material whether in the work place or otherwise, (B) seeking to recover the cost of abatement, removal or replacement of asbestos or asbestos-containing material from any public, commercial or private building or other structure, including the cost of health screenings, inspections and operation and maintenance programs, (C) seeking the clean-up of asbestos or asbestos-containing material from any land fill, waste disposal or other site, and (D) any other liability related to the manufacture, sale or use of asbestos or asbestos-containing material, whether arising pursuant to a contractual agreement or under Federal, state or local law, ordinance, regulation, rule or common law (in contract, tort or otherwise) (all such liabilities are hereinafter referred to as "Asbestos-Related Liabilities"), and all persons dedicated to the administration of Asbestos-Related Liabilities; and

(iii) all liabilities arising out of (A) shingle claims for discontinued products, (B) plant shutdowns, and (C) environmental claims from plants no longer operating and from oil waste pollution.

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The net fair market value of the assets transferred to Edgecliff shall comprise, in the aggregate, 10.84552% of the net fair market value of the Corporation's assets.

6. The Corporation shall transfer to Merick:

(i) all the outstanding stock of GAF Broadcasting Company and The Classical Shopper, Inc.; and

(ii) any contract rights, receivables, trademarks, patents, copyrights, intangibles and other assets or liabilities, known or unknown, relating to GAF Broadcasting Company and the Classical Shopper, Inc.

The net fair market value of the assets transferred to Merick shall comprise, in the aggregate, 1.43884% of the net fair market value of the Corporation's assets.

7. The Corporation shall transfer to Perth all the outstanding stock of GAF Insurance Ltd.

The net fair market value of the assets transferred to Perth shall comprise, in the aggregate, .26752% of the net fair market value of the Corporation's assets.

8. The Corporation shall transfer to Clover all the assets and liabilities, known and unknown acquired by the Corporation as a result of and upon the merger of GAF Export Corporation with and into the Corporation, which include, but are

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not limited to, all the land, leases, buildings, real property, property, plant equipment, inventory and other assets at the facilities and addresses listed on Exhibit F attached hereto, as well as any contract rights, receivables, trademarks, intangibles and other assets and liabilities, known or unknown relating to its export business.

The net fair market value of the assets transferred to Clover will comprise, in the aggregate, .01157% of the net fair market value of the Corporation's assets.

9. Notwithstanding any other provision of this Plan, Edgecliff shall assume 100% of all Asbestos-Related Liabilities, and Dorset, Merick, Perth and Clover shall not assume and shall not be liable for any Asbestos-Related Liabilities.

10. The Corporation shall transfer, convey, set over and assign all its duties, obligations and liabilities, under the 11 3/8% senior subordinated notes due June 15, 1995; the 10 3/8% senior subordinated notes due November 1, 1994; and the 10 7/8% senior subordinated debentures due November 1, 2001, all issued by the Corporation (collectively, the "Bonds"), to Dorset, Edgecliff, Merick, Perth and Clover, jointly and severally; and Dorset, Edgecliff, Merick, Perth and Clover by execution of Supplemental Indentures substantially in the form attached as Exhibit G shall undertake, assume and agree to perform, pay or discharge, jointly and severally (and be liable as among

themselves, 87.43655% by Dorset, 10.84552% by Edgecliff, 1.43884% by Merick, .26752% by Perth and .01157% by Clover) all the duties, obligations and liabilities of the Corporation with respect to (and to defend, indemnify and hold harmless the Corporation from and against all losses, liabilities and expenses, including legal fees and court costs, suffered or incurred in connection with) the Bonds.

11. The Corporation shall transfer, convey, set over and assign all its duties, obligations and liabilities, the transfer, conveyance, assignment or assumption of which is not otherwise provided for under this Plan, including, but not limited to, its liabilities (A) under the note issued by the Corporation to G-I Holdings Inc. on March 29, 1989 with a principal amount of \$5,170,300, (B) for workers compensation and medical benefits for retirees and former employees of discontinued operations, (C) for insurance claims arising for the 1983-84 year during which the Corporation was self-insured, (D) for pension plan termination liabilities, (E) for the redemption of Preferred Stock of the Corporation, and (F) for other legal claims, but excluding all Asbestos-Related Liabilities (all such liabilities collectively the "Other Liabilities") 87.43655% to Dorset, 10.84552% to Edgecliff, 1.43884% to Merick, .26752% to Perth and .01157% to Clover, severally; and Dorset, Edgecliff, Merick, Perth and Clover shall undertake, assume and agree to perform, pay or discharge, severally (87.43655% by Dorset, 10.84552% by

Edgecliff, 1.43884% by Merick, .26752% by Perth and .01157% by Clover) all the duties, obligations and liabilities of the Corporation with respect to (and to defend, indemnify and hold harmless severally the Corporation from and against all losses, liabilities and expenses, including legal fees and court costs, suffered or incurred in connection with) the Other Liabilities.

12. Dorset, Edgecliff, Merick, Perth, and Clover shall each enjoy, to the fullest extent permitted under applicable law, the benefit of all insurance coverage of the Corporation in effect on the date the Plan is adopted.

13. Immediately after the adoption of the Plan, the officers of the Corporation shall cause to be executed and filed a Certificate of Dissolution of the Corporation in accordance with the General Corporation Law of the State of Delaware. After the distribution and transfer of assets pursuant to this Plan, the Corporation shall not carry on any activities other than for the purpose of winding up its affairs in accordance with Delaware law.

14. The Board of Directors and each of the officers of the Corporation are authorized to approve changes to the terms or timing (provided that in no event may any distributions pursuant to the Plan occur before or after the Liquidation Period) of any of the transactions referred to herein, to interpret any of the provisions of the Plan, to make, execute and

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deliver such other agreements, conveyances, assignments, transfers, certificates and other documents and take such other actions as such Board of Directors and any such officers deem necessary or desirable, including such actions as may be necessary or desirable in order to carry out the provisions of the Plan.

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Exhibit A

Dorset Patents and Trademarks

Omitted from this copy.

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DRAFT 3/27/89
TAX 046525664W
36854/0012

Exhibit B

Dorset Real Property

CHARMIAN, PENNSYLVANIA
Route 116
GAF Charmian, P.O. Box J
Blue Ridge Summit, Pennsylvania 17214

HAGERSTOWN, MARYLAND (Portion owned by GAF Corporation)
34 Charles Street (Zip Code 21740)
P.O. Box 1418
21741

KREMLIN, WISCONSIN (Portion owned by GAF Corporation)
Kremlin Plant and Quarry
Pembine, Wisconsin
54156

LINDEN, NEW JERSEY (Portion owned by GAF Corporation)
Foot of S. Wood Avenue
P.O. Box 12
07036

BINGHAMTON, NEW YORK
Parking Lot

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Exhibit C

Trademarks Containing the Name "GAF"

Omitted from this copy.

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Exhibit D

Edgecliff Real Property

BALTIMORE, MARYLAND
1500 So. Ponca Street
P.O. Box 9977
21224

CHESTER, SOUTH CAROLINA
190 Orrs Road
29706

DALLAS, TEXAS
2600 Singleton Blvd. (Zip Code 75212)
P.O. Box 655607
75265-5607

ERIE, PENNSYLVANIA
Foot of Sassafras Street
P.O. Box 1128
16512

FONTANA, CALIFORNIA
11800 Industry Avenue S.W. Industrial Park
92335

IRWINDALE, CALIFORNIA
6230 Irwindale Avenue
P.O. Box 2148
91706

MILLIS, MASSACHUSETTS
60 Curve Street
02054

MINNEAPOLIS, MINNESOTA
50 Lowry Avenue N.
55411

MOBILE, ALABAMA
2400 Emogene Street
P.O. Box 6377
36660

MOUNT VERNON, INDIANA
Givens Road
47620

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NASHVILLE, TENNESSEE
Fiberglass Road
37210

PLAINFIELD, ILLINOIS
600 Lockport Street
60544

SAVANNAH, GEORGIA
1 Brampton Road
P.O. Box 7329
31418

SOUTH BOUND BROOK, NEW JERSEY
35 Main Street
08880

TAMPA, FLORIDA
5138 Madison Avenue
P.O. Box 5176
33675

GLOUCESTER CITY
New Jersey

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Exhibit E

Edgecliff Patents and Trademarks

Omitted from this copy.

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Exhibit F

Clover Real Property

GAF EXPORT CORPORATION
Suite 206B, Iturregui Plaza
65th Infanteria Avenue
Rio Piedras, Puerto Rico 00924

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Exhibit G

Supplemental Indentures

Omitted from this copy.

EXHIBIT B

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AND ASSUMPTION

INSTRUMENT OF ASSIGNMENT AND ASSUMPTION, dated as of April 10, 1989, by and among GAF Corporation (the "Corporation") and Dorset Inc. ("Dorset"), both Delaware corporations (the "Instrument").

WHEREAS, the holders of all the outstanding shares of capital stock of the Corporation entitled to vote thereon have adopted and approved a Plan of Complete Liquidation of the Corporation (the "Plan");

WHEREAS, Dorset owns 87.43655% of the capital stock of the Corporation;

WHEREAS, pursuant to the Plan, the Board of Directors of the Corporation has determined to effect the distribution and transfer of all of its assets and liabilities to all of its stockholders;

WHEREAS, pursuant to the Plan, the Corporation has filed a Certificate of Dissolution in the state of Delaware;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto take the following actions:

1. The Corporation hereby transfers, conveys, sets over and assigns to Dorset:

(i) all the assets and liabilities, known and unknown, relating to its acetylenic chemicals, surfactants, specialty chemicals, organometalics, mineral products, industrial filters and filter vessels businesses (collectively, the "Chemicals Businesses"), including but not limited to: (A) all the outstanding stock of GAF Chemicals Corp., General Aniline and Film Corp., GAF Realty Corporation, GAF International Corporation, Ludlow Inc., Bluehall Inc., Mossbank Inc., Alkaril Chemicals Ltd. (Canada), GAF (Australasia) Pty. Ltd., GAF (Belgium) N.V., GAF do Brasil Industria e Comercio Ltda, GAF (Canada) Inc., GAF (Deutschland) GmbH, GAF (France) S.A., GAF Freight Services N.V. (Belgium), GAF (Great Britain) Co. Ltd., GAF (Hong Kong) Limited, GAF Insurance Ltd. (Bermuda), GAF (Italia) S.r.l., GAF (Japan) Ltd., GAF Corporation de Mexico, S.A. de C.V., GAF (Norden) A.B., GAF (Osterreich) Ges.m.b.H., GAF Sales (U.K.) Limited, GAF (Singapore) Pte. Ltd., GAF (Switzerland) A.G., GAF (U.S. Virgin Islands), Inc., and all the shares of GAF-Huls Chemie GmbH held by the Corporation; (B) all right, title and interest of the Corporation in and to all the technologies and trademarks and tradenames used by the Corporation relating to the Chemicals Businesses, including, but not limited to the patents and trademarks listed in Exhibit A attached hereto; (C) all the Corporation's real property interests listed in Exhibit B attached hereto;

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(ii) notwithstanding any other provision of this Instrument, all its trademarks or tradenames that contain the name "GAF", including, but not limited to those contained in Exhibit C attached hereto (to the extent owned by the Corporation); and

(iii) all of its assets, known or unknown, not otherwise transferred, conveyed, set over, or assigned or assumed under this Instrument or under Instruments of Assignment and Assumption of even date herewith between the Corporation and one or all of its stockholders (collectively, the "Other Instruments"), including, but not limited to, any land, leases, buildings, real property, plant, equipment, inventory, contract rights, receivables, trademarks, intangibles, discontinued products and other assets.

2. Dorset hereby undertakes, assumes and agrees to perform, pay or discharge all of the duties, obligations and liabilities of the Corporation with respect to (and to defend, indemnify and hold harmless the Corporation from and against all losses, liabilities and expenses, including legal fees and court costs, suffered or incurred in connection with) the assets and liabilities transferred, conveyed, set over or assigned to it under paragraph 1 above.

3. Notwithstanding any other provision of this Instrument, Dorset shall not assume and shall not be liable for

any liabilities, costs, fees and expenses, known or unknown, arising out of any claims, lawsuits or other actions (A) seeking recovery for bodily injury, sickness, disease or death alleged to have been caused in whole or in part by any asbestos or asbestos-containing material whether in the work place or otherwise, (B) seeking to recover the cost of abatement, removal or replacement of asbestos or asbestos-containing material from any public, commercial or private building or other structure, including the cost of health screenings, inspections and operation and maintenance programs, (C) seeking the clean-up of asbestos or asbestos-containing material from any land fill, waste disposal or other site, and (D) any other liability related to the manufacture, sale or use of asbestos or asbestos-containing material, whether arising pursuant to a contractual agreement or under Federal, state or local law, ordinance, regulation, rule or common law (in contract, tort or otherwise) (collectively, the "Asbestos-Related Liabilities").

4. The Corporation hereby transfers, conveys, sets over and assigns to Dorset:

(i) 100% of the liabilities arising out of (A) the production of Amiben; (B) Project Aware environmental clean-up costs; and (C) environmental claims arising out of plants currently operating in the Chemicals Businesses (collectively, the "Specific Liabilities"); and

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(ii) 87.43655% of its duties, obligations and liabilities, not otherwise transferred, conveyed, set over, or assigned or assumed under this Instrument or under the Other Instruments (all such duties, obligations and liabilities collectively the "Other Liabilities"), including, but not limited to, its liabilities (A) under the note issued by the Corporation to G-I Holdings Inc. on March 29, 1989 with a principal amount of \$5,170,300, (B) for workers compensation and medical benefits for retirees and former employees of discontinued operations, (C) for insurance claims arising with respect to the 1983-84 year during which the Corporation was self-insured, (D) for pension plan termination liabilities, (E) for the redemption of the Preferred Stock of the Corporation, and (F) for other legal claims, but excluding all Asbestos-Related Liabilities.

Dorset hereby undertakes, assumes and agrees to perform, pay or discharge all the duties, obligations and liabilities of the Corporation with respect to (and to defend, indemnify and hold harmless severally the Corporation from and against all losses, liabilities and expenses, including legal fees and court costs, suffered or incurred in connection with) 100% of the Specific Liabilities and 87.43655% of the Other Liabilities.

5. Dorset shall enjoy, to the fullest extent permitted under applicable law, the benefit of all insurance coverage of the Corporation in effect on the date of the adoption of the Plan.

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6. The parties hereto hereby agree to execute and deliver such further instruments and documents as any party shall reasonably request to effect the foregoing transactions.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

GAF Corporation

By _____

Dorset Inc.

By _____

EXHIBIT C

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~~X~~

ASSUMPTION OF LIABILITIES AND CONTINUING OBLIGATIONS

ISP Environmental Service
This Assumption is made on May 8, 1991 by
ISP 9 Corp., a Delaware corporation ("Subsidiary") in favor
of GAF CHEMICALS CORPORATION, a Delaware corporation ("GCC")
and GAF Corporation, a Delaware corporation ("GAF").

Subsidiary hereby assumes the proper, full and
timely payment and performance of all the liabilities,
contingent or otherwise, and obligations of GCC described in
the attached schedule (the Assumed Liabilities").

Subsidiary shall indemnify, defend and hold
harmless GCC, GAF and its other subsidiaries from and
against any and all Assumed Liabilities and any and all
liabilities, costs and expenses in connection with any
investigations, claims, actions, suits or proceedings
arising out of or resulting from the conduct of any
business, ownership of any assets or incurrence of any
liabilities or obligations on and after May 8, 1991 by
Subsidiary. If GCC or GAF shall receive notice of any such
investigation, claim, action, suit or proceeding, it shall
promptly notify Subsidiary which shall be entitled and
obligated to defend or settle the same through its own
counsel and at its own expense, but GCC or GAF, as the case
may be, shall provide any cooperation reasonably requested
by Subsidiary upon receipt of reasonable assurance from

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Subsidiary that it will reimburse the reasonable cost of such cooperation. Notwithstanding the foregoing, any liabilities, costs and expenses which are apportioned pursuant to, or against which indemnification is provided under the Tax Sharing Agreement referred to in Section 3.3 of the Reorganization Agreement dated as of May 8, 1991 between GCC, GAF, Subsidiary and certain other subsidiaries of GCC (the "Reorganization Agreement"), shall be treated as provided for in such Tax Sharing Agreement and shall be excluded for purposes of this Assumption.

Subsidiary disclaims any assumption or other responsibility for the liabilities and continuing obligations of GCC, GAF or any of its other subsidiaries other than those expressly assumed herein and shall be indemnified against such liabilities and obligations by GCC and GAF to the extent provided in Section 4.2 of the Reorganization Agreement.

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IN WITNESS WHEREOF, the parties have executed this
Agreement on the date first above written.

ISP 9 CORP.

By Stephen G. Dicks
Senior Vice President

Acknowledged and Agreed:

GAF CHEMICALS CORPORATION

By Stephen G. Dicks
Senior Vice President

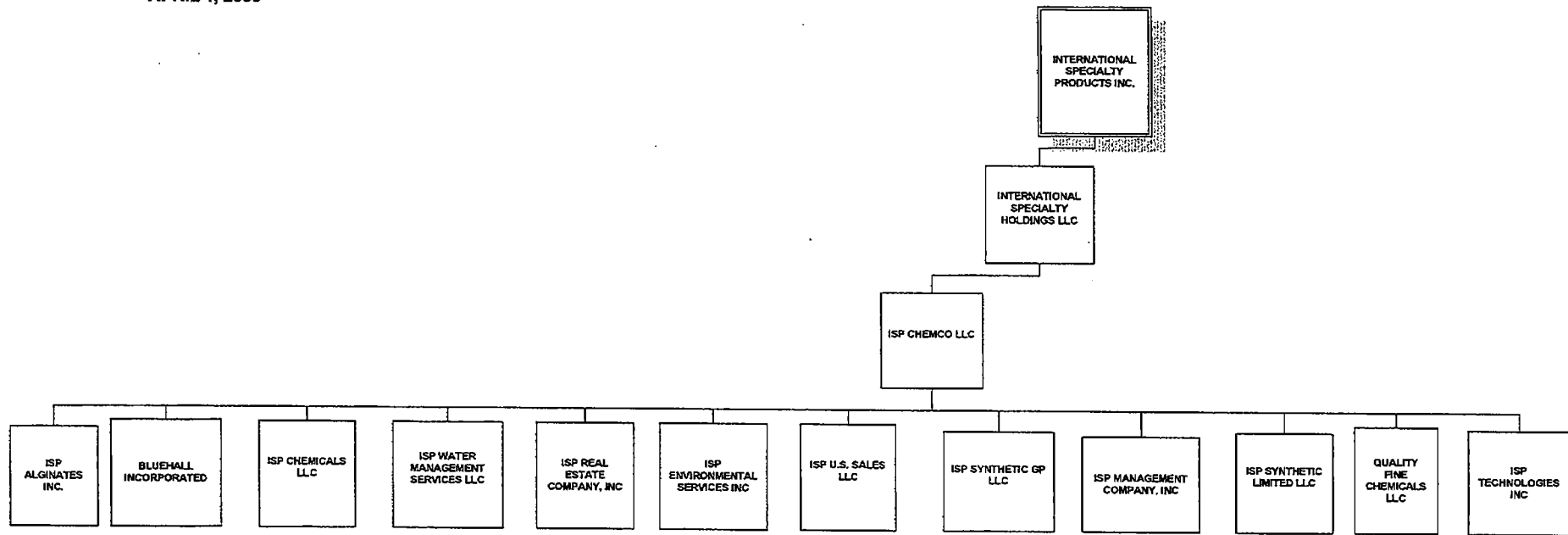
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SCHEDULE OF LIABILITIES AND OBLIGATIONS

All liabilities and obligations relating to the manufacture and sale of specialty chemicals at Linden, NJ, known and unknown, contingent or otherwise, including liabilities for the remediation of the Linden site and those liabilities shown on the balance sheet for ISP 9 Corp. dated as of May 8, 1991.

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**ORGANIZATIONAL CHART
ISP ENVIRONMENTAL SERVICES INC.
APRIL 1, 2009**



IES Insurance Receivable

	Estimated	
<u>Carrier</u>	<u>Amount</u>	<u>Timing from Bankruptcy Court Approval</u>
Carrier A	4,480,292	30 days
Carrier B	4,235,628	60 days
Carrier C	813,264	30 days
Carrier D	7,115,816	half in 30 days, half December 2009
Total	16,645,000	

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The ISP Environmental Services, Inc. ("IES") Linden Property is currently the subject of pending but stayed litigation in the Superior Court of New Jersey, Law Division, Union County, New Jersey, bearing Docket No. UNN-L-1697-07. IES is the plaintiff, and the defendants are the City of Linden, Richard J. Gerbounka, in his capacity as Mayor of the City of Linden; John T. Gregorio, individually (the former Mayor); the Council of the City of Linden; the Planning Board of the City of Linden; the Union County Improvement Authority; the Morris Companies; Morris Linden Associates, LLC; and Joseph D. Morris. IES initiated the litigation in opposition to several Linden Ordinances, because those ordinances would effectively prevent IES from developing its own property and instead would enable the Morris Companies to develop it.

The Linden Ordinances being challenged would combine the development plan for the Site with a plan for an adjacent piece of property owned by E.I. du Pont de Nemours and Company ("DuPont") and name Morris Companies as the site developer for the combined site. These ordinances were directly contrary to prior promises and communications between IES and Linden where IES fully expected that it would be able to redevelop its own property. A July 23, 2008 ruling arising out of a companion case DuPont initiated, vacated the three ordinances affecting development, including the one that ratified and reaffirmed the ordinance requiring a combined development plan. The court vacated the ordinances on procedural due process grounds, leading to the renewed hearings described in the next paragraph, below. There are appeals pending in the DuPont litigation.

On March 24, 2009, the Linden Planning Board began reconsidering whether the IES and/or DuPont sites were area(s) in need of redevelopment under the applicable statute, and at least one additional hearing date will be needed before the Linden Planning Board comes to a recommendation. The March 24, 2009 hearing has been continued and the next hearing date is scheduled for April 29, 2009. Once the Linden Planning Board makes a recommendation to the Linden City Council, the Linden City Council must meet to consider passing such City Ordinances and/or Resolutions as necessary to carry out the recommendation. Assuming the Linden City Council decided to pass an Ordinance designating the IES Property as a property in need of redevelopment and re-designating the Morris Companies as the redeveloper there will be public notice of that activity. Even after such Ordinances and/or Resolutions are passed the designated redeveloper (or such entity as may be pursuing condemnation rights) is required to undertake good faith negotiations with the property owner to purchase the property for fair market value prior to the institution of condemnation proceedings. Assuming such negotiations fail, the designated redeveloper can only then request that the City of Linden begin eminent domain proceedings. As a result of these multiple procedural steps, no eminent domain action is imminent.